

**BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: June 21, 2006

Division: Budget & Finance

Bulk Item: Yes X No

Department: Office of Management & Budget

Staff Contact Person: Salvatore R. Zappulla

AGENDA ITEM WORDING: A Public Hearing. For approval of a resolution authorizing the issuance of not exceeding \$33,000,000 in aggregate principal amount of Airport Variable Rate Revenue Bonds (Key West International Airport), Series 2006 to finance the cost of making improvements to the Key West International Airport; providing a pledge of the net revenues derived from the operations of the airport and certain other available monies to secure payment of the principal of and interest on said bonds; providing for the rights of the holders of said bonds; and providing for an effective date for this resolution. **THIS RESOLUTION IS BEING APPROVED IN SUBSTANTIALLY FINAL FORM AS THERE ARE ITEMS TO BE DETERMINED UPON CLOSING**

ITEM BACKGROUND: Previous approval was granted for the Mayor to execute a Commitment from Bank of America for a direct pay letter of credit not to exceed \$35,402,740.00 in Principal and Interest combined. The Letter of Credit will provide liquidity and credit support for the Variable Rate Demand Obligations (V.R.D.O.'s) to be issued by the County to pay for a portion of the Terminal Improvements. A portion of the Project will be paid for from the County's One Cent Infrastructure Sales Tax Fund over (3) years 2006-2008.

PREVIOUS RELEVANT BOCC ACTION:

On April 19, 2006 the Board of County Commissioners approved a plan of Finance for the New Terminal Complex at the Key West International Airport.

CONTRACT/AGREEMENT CHANGES: N/A

STAFF RECOMMENDATIONS: Approval

TOTAL COST: -0-

BUDGETED: Yes No N/A

COST TO COUNTY: -0-

SOURCE OF FUNDS:

REVENUE PRODUCING: Yes No N/A **AMOUNT PER MONTH** **Year**

APPROVED BY: County Atty. OMB/Purchasing Risk Management

DIVISION DIRECTOR APPROVAL:


Salvatore R. Zappulla

DOCUMENTATION: Included X Not Required To Follow

DISPOSITION:

AGENDA ITEM #

MONROE COUNTY, FLORIDA

**AIRPORT REVENUE BOND RESOLUTION
(KEY WEST INTERNATIONAL AIRPORT)**

ADOPTED JUNE 21, 2006

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RESOLUTION NO.

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$[[^]]33,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF AIRPORT VARIABLE RATE REVENUE BONDS (KEY WEST INTERNATIONAL AIRPORT), SERIES 2006[[^]] TO FINANCE THE COST OF MAKING IMPROVEMENTS TO THE KEY WEST INTERNATIONAL AIRPORT; PROVIDING A PLEDGE OF THE NET REVENUES DERIVED FROM THE OPERATION OF THE AIRPORT AND CERTAIN OTHER AVAILABLE MONEYS TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA:

ARTICLE I GENERAL

SECTION 1.01. DEFINITIONS. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment of the Capital Appreciation Bonds prior to maturity thereof, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

"Act" shall mean Chapter 125, Part I, and Chapter 332, Florida Statutes; and other applicable provisions of law.

"Additional Bonds" shall mean the obligations issued at any time under the provisions of Section 6.02 hereof on a parity with the Series 2006 Bonds.

"Additional Project" shall mean any structure, property or facility which the Issuer from time to time may determine to construct or acquire as part of the Airport, together with all equipment, structures, facilities and other property necessary or appropriate in connection therewith which are financed in whole or in part with the indebtedness secured by this Resolution.

"Airport" shall mean the real property and airport and aviation facilities constituting the existing Key West International Airport, the 2006[^] Project, all Additional Projects and all Improvements to the Airport.

"Airport Consultant" means any engineer, engineering firm, firm of certified public accountants, airport consulting firm or corporation, or other qualified Person of favorable repute for skill and experience in performing the duties for which it is employed by the Issuer under Section 5.10 of this Resolution.

"Airport Reserve Fund" shall mean the fund created pursuant to Section 4.04(E) hereof.

"Annual Audit" shall mean the annual audit prepared pursuant to the requirements of Section 5.05 hereof.

"Annual Budget" shall mean the annual budget prepared pursuant to the requirements of Section 5.02 hereof.

"Annual Debt Service" shall mean the aggregate amount of Debt Service on the Bonds for each applicable Fiscal Year.

"Authorized Investments" shall mean any investment allowable under applicable law that is approved by the Governing Body of the Issuer.

"Authorized Issuer Officer" shall mean [^]the Aviation Director[^], and when used in reference to any act or document, also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

"Aviation Director" shall mean the Aviation Director of the Issuer or his or her designee.

"Bank" shall mean Bank of America, N.A., and any successor thereto as Credit Bank for the Credit Facility related to the Series 2006 Bonds.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A., or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bondholder" or **"Holder"** or **"holder"** or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of the Bonds.

"Bonds" shall mean the Series 2006[^] Bonds, together with any Additional Bonds issued pursuant to this Resolution.

"Capital Appreciation Bonds" shall mean those Bonds which may be either Serial Bonds or Term Bonds and which shall bear interest payable only at maturity or redemption. In the case of Bonds that convert to or from Capital Appreciation Bonds with interest payable prior to maturity or mandatory redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time interest accrues and is not payable to the Holder thereof.

"Clerk" shall mean the Clerk of the Circuit Court in and for Monroe County, Florida, ex-officio Clerk to the Board of County Commissioners of Monroe County, Florida, and such other person as may be duly authorized to act on his or her behalf.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"Construction Fund" shall mean the fund established pursuant to Section 4.03 hereof.

"Cost," when used in connection with a Project, shall mean all expenses associated with the acquisition, construction, installation, reconstruction, renewal or replacement thereof, including without limitation: (1) land and interests therein, property rights, and easements of any nature whatsoever; (2) physical construction, reconstruction, renewal, replacement or completion; (3) acquisition and installation of machinery, equipment and other tangible personal property; (4) planning, architectural, engineering,

surveying, legal, environmental and other consultant services; (5) fees and expenses associated with the issuance of Bonds and other Issuer debt, including but not limited to bond counsel, disclosure counsel, financial advisor, underwriters' discount, rating agencies, bond insurance, credit or liquidity facilities, and printing the Bonds and other Issuer debt and supporting documentation; (6) interest accruing on the Bonds and other Issuer debt for such period of time as the Issuer deems appropriate; (7) deposits to the Reserve Account; and (8) all other expenses that are properly attributable thereto under generally accepted accounting principles, including reimbursement to the Issuer for any moneys advanced for such purpose and interest on any interfund loan for such purposes.

"Counterparty" shall mean the entity entering into a Hedge Agreement with the Issuer. Counterparty would also include any guarantor of such entity's obligations under such Hedge Agreement.

"Credit Bank" shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or other credit or liquidity facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

"Credit Facility" shall mean as to any particular Series of Bonds, an irrevocable letter of credit, a line of credit or other credit or legal liquidity facility (other than an insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

"Debt Service" shall mean, at any time, the aggregate amount in the then applicable period of time of (1) interest required to be paid on the Outstanding Bonds during such period of time, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such period of time, and (3) the Sinking Fund Installments herein designated with respect to such period of time. For purposes of this definition, (A) all amounts payable on a Capital Appreciation Bond shall be considered a principal payment in the year it becomes due, (B) subject to the provisions of Section 5.19 hereof, with respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time, (C) if any Series of Bonds has 25% or more of the aggregate principal amount of such Series coming due in any one year, Debt Service shall be determined on such Series during such period of time as if the principal of and interest on such Series were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years from the date of calculation, and (D) the amount on deposit in the Reserve Account (or any subaccount thereof) on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds which are secured by

such Reserve Account (or subaccount thereof) and in each preceding year until such amount is exhausted.

"Eligible PFC Revenues" shall mean PFC Revenues which shall be legally available to pay the principal of and interest on the Bonds in accordance with the PFC Act and the PFC Authority.

"FAA" shall mean the Federal Aviation Administration, or the successor to its power and authority.

"Federal Securities" shall mean direct obligations of the United States of America. Notwithstanding anything herein to the contrary, "Federal Securities" shall additionally include securities fully and unconditionally guaranteed as to the payment of principal and interest by the United States of America and approved by all Insurers and Credit Banks, to which guarantee the full faith and credit of the United States of America has been pledged, where such securities shall be scheduled to mature at times sufficient to ensure that moneys paid by the United States of America to honor such guarantee obligation are available to pay when due the principal of and premium, if any, and interest due and to become due on Bonds deemed paid within the meaning of Section 9.01 of this Resolution on or prior to the redemption date or maturity date thereof, as the case may be.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Fitch" shall mean Fitch Ratings and any assigns and successors thereto.

"Fund Balance" shall mean all moneys in the Airport Reserve Fund and the PFC Capital Improvement Fund, provided such amounts are legally available to pay debt service on the Bonds. For purposes of any calculation performed for purposes of Sections 5.03(A), 5.03(B) and 6.02(B) hereof, Fund Balance shall be calculated as of the last day of the Fiscal Year most recently concluded prior to the date of such calculation.

"Governing Body" shall mean the Board of County Commissioners of Monroe County, Florida, or its successor in function.

"Government Grant," when used with respect to the Airport, shall mean any sum of money heretofore or hereafter received by the Issuer from the United States of America or any agency thereof or from the State of Florida or any agency or political subdivision thereof as or on account of a grant or contribution, not repayable by the Issuer, for or with respect to the construction, acquisition or other development of an addition, extension or improvement to any part of the Airport or any costs of any such

construction, acquisition or development. Government Grant shall not include any grants or contributions received by the Issuer for purposes of, or which may be used, without violating any obligation of the Issuer [^]or condition of such grant, for the purposes of (1) funding Operating and Maintenance Costs or (2) paying debt service on obligations of the Issuer. Any grants or contributions described in the preceding sentence shall be considered "Gross Revenues."

"Gross Revenues" or "Revenues" shall mean for any period all moneys paid or accrued for the use of and for services and facilities furnished by, or in connection with the ownership or operation of, the Airport, or any part thereof or the leasing or use thereof, including, but not limited to (1) rentals, (2) concession fees, (3) use charges, (4) landing fees, (5) license and permit fees, (6) service fees and charges, (7) moneys from the sale of fuel, and or other merchandise, and (8) Investment Earnings; provided, however, that Gross Revenues shall not include (A) proceeds received from the sale of Bonds, Subordinated Indebtedness or Special Purpose Facilities Bonds, (B) proceeds from the sale or taking by eminent domain of any part of the Airport, (C) gifts or Government Grants, (D) ad valorem tax revenues, (E) any insurance proceeds received by the Issuer (other than insurance proceeds paid as compensation for business interruption), (F) amounts received which are required to be paid to any other governmental body, including, but not limited to taxes and impact fees, (G) PFC Revenues, and (H) any noise abatement charges received for disbursement to others.

"Hedge Agreement" shall mean an agreement in writing between the Issuer and the Counterparty pursuant to which (1) the Issuer agrees to pay to the Counterparty an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on a notional amount related to the debt of the Counterparty specified in such agreement in the period specified in such agreement and (2) the Counterparty agrees to pay to the Issuer an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on a notional amount equal to the principal amount of all or a portion of a Series of Bonds specified in such agreement during the period specified in such agreement. Hedge Agreement shall include any financial product or agreement which is used by the Issuer as a hedging device with respect to its obligation to pay interest on the Bonds, or any portion thereof, which is designated by the Issuer as a "Hedge Agreement."

"Hedge Payments" shall mean any amounts payable by the Issuer calculated as interest on the related notional amount under a Qualified Hedge Agreement; excluding, however, any payments due as a penalty or a fee or by virtue of termination of a Qualified Hedge Agreement or any obligation of the Issuer to provide collateral.

"Hedge Receipts" shall mean any amounts receivable by the Issuer calculated as interest on the related notional amount under a Qualified Hedge Agreement.

"Improvement" or **"Capital Improvement"** shall mean such buildings, structures, equipment, and land or interests in land and such renewals, replacements, additions, extensions and betterments, other than ordinary maintenance and repairs, as may be deemed necessary or desirable by the Issuer to develop or maintain the safe, secure, competitive, efficient operation of the Airport.

"Initial Rating Requirement" shall mean, with regard to a Qualified Hedge Agreement, a Counterparty which at the time it enters into such Qualified Hedge Agreement is rated "A-" or better by Standard & Poor's and "A3" or better by Moody's.

"Insurance Consultant" shall mean such Person recognized and qualified in surveying risks and recommending insurance coverage for such facilities as the Airport and for organizations engaged in such operations as those to be conducted by the Issuer at the Airport, at the time retained by the Issuer to perform the acts and carry out the duties as herein provided for such Insurance Consultant or the risk management department or officer of the Issuer if the Issuer determines by resolution that such department or officer meets the criteria set forth above, which resolution shall remain in effect until repealed.

"Insurer" shall mean as to any particular Series of Bonds, the Person (other than a Credit Bank) providing a municipal bond insurance or guaranty policy, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

"Interest Account" shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

"Interest Date" or **"interest payment date"** shall be such date or dates as shall be provided by Supplemental Resolution of the Issuer.

"Investment Earnings" shall mean all income and earnings derived from the investment of moneys in the funds and accounts established hereunder, other than the Construction Fund, the PFC Account, the PFC Capital Improvement Fund and the Rebate Fund.

"Issuer" or **"County"** shall mean Monroe County, Florida.

"Maximum Annual Debt Service" shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Fiscal Year in which Bonds are Outstanding.

"Maximum Interest Rate" shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

"Mayor" shall mean the Mayor of the Governing Body, or, in his or her absence or unavailability, the Mayor Pro Tem of the Governing Body.

"Moody's" shall mean Moody's Investors Service, and any assigns and successors thereto.

"Net Revenues" shall mean Gross Revenues less Operating and Maintenance Costs.

"Operation, Maintenance and Administration Fund" shall mean the fund created pursuant to Section 4.04(B) hereof.

"Operating and Maintenance Costs" shall mean any and all costs incurred by the Issuer in operating, maintaining and administering the Airport, including, but not limited to, the general administrative and legal costs of the Issuer related to operation, maintenance, management, security and development of the Airport; costs associated with equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the Airport; any costs of litigation or a legal judgment against the Issuer[^]; all costs incurred in planning or applying for, obtaining, maintaining and defending permits; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and impact fees; and fees for management of the Airport or any portion thereof; but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the Airport, or any provision for interest, depreciation, amortization or similar charges.

"Other Available Moneys" shall mean Eligible PFC Revenues and Fund Balance.

"Outstanding," when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which other Bond or Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for other Bond or Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 9.01 hereof and (4) Bonds

canceled after purchase in the open market or because of payment at or redemption prior to maturity.

"Passenger Facility Charges" or "PFCs" shall mean the passenger facility charges relating to the Airport authorized from time to time under the PFC Act and pledged pursuant to this Resolution or any Supplemental Resolution hereto. ^[^]Notwithstanding the foregoing, unless consented to by the Bank, so long as the Series 2006 Bonds are secured by a Credit Facility issued by the Bank, the Passenger Facility Charges shall only consist of those PFCs approved pursuant to the PFC Authority (#05-10-C-00-EYW), dated August 12, 2005.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to Supplemental Resolution and its successor or assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, governmental entity or other legal entity.

"PFC Account" shall mean the separate account established in the Revenue Fund established pursuant to Section 4.04(A) hereof.

"PFC Act" shall mean the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§9110 and 9111, recodified as 49 U.S. §40117, as amended or replaced from time to time.

"PFC Authority" shall mean the FAA's Records of Decision, as the same may be amended from time to time, issued by the FAA relating to Passenger Facility Charges imposed or to be imposed by the Issuer at the Airport.

"PFC Capital Improvement Fund" shall mean the fund established pursuant to Section 4.04(F) of this Resolution.

"PFC Improvements" shall mean Improvements made to the Airport for which PFCs may be used under the PFC Act and PFC Authority to fund such capital improvements or related indebtedness.

"PFC Regulations" shall mean Part 158 of the Federal Aviation Regulations (14 C.F.R. Part 158), as amended from time to time, and any other regulation(s) issued with respect to the PFC Act.

"PFC Revenues" shall mean all revenues received by the Issuer from time to time from the Passenger Facility Charges pursuant to PFC Authority imposed by the

County at the Airport pursuant to the PFC Act and the PFC Regulations, including any investment income with respect thereto and including proceeds thereof and gains from sales of investments after such revenues have been remitted to the Issuer as provided in the PFC Regulations.

"Pledged Funds" shall mean, (1) the Net Revenues, (2) Other Available Moneys, (3) any Hedge Receipts, and (4) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, except (A) moneys in the PFC Account and the PFC Capital Improvement Fund (but only to the extent not legally available to pay debt service on the Bonds) and the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating and Maintenance Costs in accordance with the terms of the Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account to the extent moneys on deposit therein shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof. In addition, the 2006 Project Grants to the extent they may be lawfully used to pay debt service on the Series 2006 Bonds shall constitute "Pledged Funds" solely for the Series 2006 Bonds.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Federal Securities, secured in the manner set forth in Section 9.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category (without regard to gradations, such as "plus" or "minus" of such categories) of two of the Rating Agencies.

"Principal Account" shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

"Projects" shall mean the 2006[^] Project and any Additional Project.

"Qualified Hedge Agreement" shall mean a Hedge Agreement with a Counterparty which meets the Initial Rating Requirement.

"Rating Agencies" means Fitch, Moody's and Standard & Poor's.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.04(G) hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

"Refunding Securities" shall mean Federal Securities and Prerefunded Obligations.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Renewal and Replacement Fund" shall mean the fund established pursuant to Section 4.04(D) hereof.

"Renewal and Replacement Fund Requirement" shall mean, on the date of calculation, an amount of money equal to (1) [^]\$500,000 or (2) such greater or lesser amount as may be certified to the Issuer by the Airport Consultant as an amount appropriate for the purposes of this Resolution.

"Reserve Account" shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

"Reserve Account Insurance Policy" shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(D)(4) hereof.

"Reserve Account Letter of Credit" shall mean a letter of credit or line of credit or other credit facility (other than a Reserve Account Insurance Policy) deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(D)(4) hereof.

"Reserve Account Requirement" shall mean, as of any date of calculation for the Reserve Account or any subaccount therein, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds secured thereby, (2) 125% of

the average Annual Debt Service for all Outstanding Bonds secured thereby, or (3) the maximum amount allowed to be funded from proceeds of tax-exempt obligations and invested at an unrestricted yield pursuant to the Code; provided, however, the Issuer may establish by Supplemental Resolution a different Reserve Account Requirement for a subaccount of the Reserve Account separately which secures a Series of Bonds pursuant to Section 4.05(D)(4) hereof. In computing the Reserve Account Requirement in respect of a Series of Bonds that constitutes Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 12 months prior to the date of calculation, the highest interest rate borne by such Variable Rate Bonds during the preceding 12 month period, and (B) if such Variable Rate Bonds have not been Outstanding for at least 12 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the time of calculation. The time of calculation for Variable Rate Bonds shall be each March 1.

"Resolution" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"Revenue Account" shall mean the separate account in the Revenue Fund established pursuant to Section 4.04(A) hereof.

"Revenue Fund" shall mean the fund established pursuant to Section 4.04(A) hereof.

"Serial Bonds" shall mean all of the Bonds other than the Term Bonds.

"Series" shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Series 2006 Bonds" shall mean the [^]

[^]Monroe County, Florida Airport Variable Rate Revenue[^] Bonds (Key West International Airport), [^][^]Series 2006, authorized pursuant to Section 2.02 hereof.

"Sinking Fund" shall mean the fund established pursuant to Section 4.04(C) hereof.

"Sinking Fund Installment" shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to the Term Bonds.

"Special Purpose Facilities" shall mean any projects, improvements or facilities determined by the Issuer to be useful in the conduct of the operations of the Airport that are financed with the proceeds of Special Purpose Facilities Bonds.

"Special Purpose Facilities Bonds" shall mean bonds described in Section 5.12 hereof and which are issued for the purpose of paying the cost of Special Purpose Facilities or refunding bonds previously issued for such purpose, which bonds shall not be payable from the Pledged Funds.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services a division of The McGraw-Hill Companies, Inc., and any assigns and successors thereto.

"State" shall mean the State of Florida.

"Subordinated Indebtedness" shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 6.01 hereof.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 8.01, 8.02 and 8.03 hereof.

[^]

"Taxable Bonds" means those Bonds which state, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes or that such interest is subject to federal income taxation.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer.

"Term Bonds Redemption Account" shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

"2006[^] Project" shall mean the design, engineering, acquisition and construction of improvements described in Exhibit A attached hereto, including, without limitation, all property rights, easements, appurtenances, rights-of-way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, renovation, reconstruction or operation thereof, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment or facilities as may hereafter be approved by the Governing Body in accordance with the Act pursuant to resolution.

[^]

"2006 Project Grants" shall mean the AIP Entitlement Grant in an amount estimated at \$6,900,000 and the Florida Department of Transportation Grant in an amount estimated at \$8,700,000, both of which relate to the acquisition and construction of the 2006 Project.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include the feminine gender, and vice versa.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. AUTHORITY FOR RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act. The Issuer has ascertained and hereby determined that adoption of this Resolution is necessary to carry out the powers, purposes and duties expressly provided in the Act, that each and every matter and thing as to which provision is made herein is necessary in order to carry out and effectuate the purposes of the Issuer in accordance with the Act and to carry out and effectuate the plan and purpose of the Act, and that the powers of the Issuer herein exercised are in each case exercised in accordance with the provisions of the Act and in furtherance of the purposes of the Issuer.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer, the Holders from time to time of the Bonds and any Insurer or Credit Bank. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and any Insurer or Credit Bank, but only in accordance with the terms hereof. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. FINDINGS. It is hereby ascertained, determined and declared:

(A) That the Issuer owns, operates and maintains the Airport for the benefit of the citizens of Monroe County, Florida.

(B) That the Issuer has determined to acquire and construct the 2006[^] Project.

(C) That the Issuer has determined to issue the Series 2006[^] Bonds in order to finance the 2006[^] Project.

(D) That pursuant to the provisions of the Act, the Issuer is authorized to undertake the 2006[^] Project through the issuance of the Series 2006[^] Bonds.

(E) That the [^]

[^][^]Pledged Funds are not pledged or encumbered in any manner.

([^]E) That the estimated Gross Revenues and Other Available Moneys to be derived in each year hereafter from the operation of the Airport will be sufficient to pay all the Operating and Maintenance Costs, the principal of and interest on the Bonds to be issued pursuant to this Resolution, as the same become due, and all other payments provided for in this Resolution.

([^]G) That the principal of and interest on the Bonds to be issued pursuant to this Resolution, and all other payments provided for in this Resolution will be paid solely from the Pledged Funds in accordance with the terms hereof; and the Issuer may not be compelled by any Person to exercise the ad valorem taxing power of the Issuer or use ad valorem tax revenues to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution, or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon the Airport or upon any other property whatsoever of or in the Issuer, other than the Pledged Funds.

SECTION 1.05. AUTHORIZATION OF 2006[^][^] PROJECT. The Issuer hereby authorizes the 2006[^] Project.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. AUTHORIZATION OF BONDS. This Resolution creates an issue of Bonds of the Issuer to be designated as "Monroe County, Florida Airport Revenue Bonds (Key West International Airport)" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by Supplemental Resolution of the Issuer.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution of the Issuer. The Issuer may issue Bonds which may be secured by a Credit Facility or by a Bond Insurance Policy of an Insurer all as shall be determined by Supplemental Resolution of the Issuer. The Governing Body may delegate approval of the terms, details and sale of a Series of Bonds to an Authorized Issuer Officer pursuant to Supplemental Resolution.

SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF SERIES 2006 BONDS. A Series of Bonds entitled to the benefit, protection and security of this Resolution is authorized in the aggregate principal amount of not exceeding \$[[^]33,000,000] for the principal purposes of financing the Costs of the 2006[[^]] Project, funding [[^]]the Reserve Account and paying certain costs[[^]] of issuance incurred with respect to the Series 2006[[^]] Bonds. Such Series[[^]] of Bonds shall be designated as, and shall be distinguished from the Bonds[[^]] of all other Series by the title, "Monroe County, Florida Airport Variable Rate Revenue Bonds (Key West International Airport), Series [[^]]2006."

[^]

The Series 2006 Bonds shall be dated as of the date of delivery thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds, current interest paying Bonds and Capital Appreciation Bonds maturing in such years and amounts not exceeding such period as may be permitted by the Act at the time of issuance; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption and other provisions; all as the Issuer shall provide hereafter by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 2006 Bonds are payable upon presentation and surrender of the Series 2006 Bonds at the designated office of the Paying Agent. Except as otherwise provided by Supplemental Resolution, interest payable on any Series 2006 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of or Redemption Price, if applicable, and interest on the Series 2006 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.03. APPLICATION OF SERIES 2006 BOND PROCEEDS.

The proceeds derived from the sale of the Series 2006 Bonds, including any accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 2006 Bonds to the purchaser or purchasers thereof, be applied at the direction of the Issuer as follows:

(A) Proceeds of the Series 2006[^] Bonds in an amount equal to [^]not greater than the initial 24 months of interest due with respect to the Series 2006 Bonds, representing capitalized interest on the Series 2006[^] Bonds, shall be deposited in the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 2006[^] Bonds.

(B) [^]An amount of proceeds of the Series 2006[^] Bonds [^]equal to the Reserve Account Requirement for the Series 2006[^] Bonds[^] shall be deposited [^]to the Reserve Account.

(C) A sufficient amount of the Series 2006^[^] Bond proceeds shall be applied or set aside to the payment of costs and expenses relating to the issuance of the Series 2006^[^] Bonds.

(D) ^[^]The balance of the Series 2006^[^] Bond proceeds shall be ^[^]
^[^]deposited in ^[^]the Construction Fund^[^] ^[^]to pay the Cost of the 2006
Project.

SECTION 2.04. EXECUTION OF BONDS. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.05. AUTHENTICATION. No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

SECTION 2.06. TEMPORARY BONDS. Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by subsequent resolution and with such omissions, insertions and variations as may be appropriate to

temporary Bonds. The Issuer, at his own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Registrar.

SECTION 2.07. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

SECTION 2.08. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall

maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Except as provided by Supplemental Resolution in the case of Variable Rate Bonds, the Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and deliver Bonds and the Registrar shall authenticate such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Mayor and the Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be canceled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid

with respect to such exchange or transfer. Except as provided by Supplemental Resolution in the case of Variable Rate Bonds, the Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the 15 days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds), or, in the case of any proposed redemption of Bonds of such Series, then, for the Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

SECTION 2.09. FORM OF BONDS. The text of the Bonds, except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution of the Issuer, shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$

**UNITED STATES OF AMERICA
STATE OF FLORIDA
MONROE COUNTY, FLORIDA
AIRPORT REVENUE BONDS,
(KEY WEST INTERNATIONAL AIRPORT)
SERIES _____**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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Registered Holder:

Principal Amount:

MONROE COUNTY, FLORIDA, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on _____ and _____ of each year commencing _____ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable at the designated corporate trust office of _____, _____, _____, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by _____, _____, _____, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall

be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, registered holder, denomination and number, issued to finance _____, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, and Chapter 332, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and a resolution of the Issuer duly adopted by the Board of County Commissioners of the Issuer on [^]June 21, 2006, as[^] supplemented (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Airport (as defined in the Resolution), (2) Other Available Moneys (as defined in the Resolution), and (3) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established under the Resolution, except (A) moneys in the PFC Account, the PFC Capital Improvement Fund (to the extent not legally available to pay debt service on the Bonds) and the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating and Maintenance Costs in accordance with the terms of the Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account established by the Resolution to the extent such moneys shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Resolution (collectively, the "Pledged Funds"), subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution. In addition, the 2006 Project Grants (as defined in the Resolution) to the extent they may be lawfully used to pay debt service on the Series 2006 Bonds (as defined in the Resolution) shall constitute "Pledged Funds" solely for such Series 2006 Bonds. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of the taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon the Airport or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution. Obligations may be issued by the Issuer from time to time on parity with the Bonds pursuant to the terms of the Resolution.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer shall not be obligated to make any exchange or transfer of the Bonds during the 15 days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, for the Bonds subject to such redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing to the redemption date.

The Issuer has established a book-entry system of registration for the Bonds. Except as specifically provided otherwise in the Resolution, an agent will hold this Bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Bond shall be deemed to have agreed to such arrangement.

(INSERT REDEMPTION PROVISIONS)

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least 30 days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, Monroe County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Mayor of its Board of County Commissioners, and by the manual or facsimile signature of the Clerk to such Board, and its seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

MONROE COUNTY, FLORIDA

(SEAL)

Mayor, Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk, Board of County Commissioners

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

County Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

Registrar

By: _____
Authorized Officer

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

ARTICLE III REDEMPTION OF BONDS

SECTION 3.01. PRIVILEGE OF REDEMPTION. The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. NOTICE OF REDEMPTION. Notice of such redemption shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agents of such Bonds, (B) shall be mailed first class, postage prepaid, at least 30 days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice, and (C) shall be mailed, certified mail, postage prepaid, at least 35 days prior to the redemption date to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail such notice to such depositories or services or the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the principal office of the Registrar at an address specified, and (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption.

In addition to the mailing of the notice described above, each notice of redemption and payment of the Redemption Price shall meet the following requirements; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

(A) Each further notice of redemption shall be sent by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services which disseminate notices of prepayment or redemption of obligations such as the Bonds.

(B) Each further notice of redemption shall be sent to such other Person, if any, as shall be required by applicable law or regulation.

The notice of redemption described in this paragraph need not be given as described above if the Bonds called for redemption are registered pursuant to a book-entry-only system.

The Issuer may provide that a notice of redemption may be contingent upon the occurrence of certain condition(s) and that if such condition(s) do not occur, the notice will be rescinded; provided notice of rescission shall be mailed in the manner described above to all affected Bondholders not later than the business day prior to the date of redemption.

SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment

specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. PAYMENT OF REDEEMED BONDS. Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall (subject to the satisfaction of any conditions specified in the notice), on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

ARTICLE IV
SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds, in the manner and to the extent provided in this Resolution. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer except from the Pledged Funds in the manner and to the extent provided herein.

SECTION 4.02. SECURITY FOR BONDS. The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy in addition to the security provided herein; and provided further that a Series of Bonds may be secured independently of any other Series of Bonds by the establishment of a separate subaccount in the Reserve Account for such Series of Bonds. In addition, the 2006 Project Grants to the extent they may be lawfully used to pay debt service on the Series 2006 Bonds shall constitute "Pledged Funds" solely for the Series 2006 Bonds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof. Except as otherwise provided by Supplemental Resolution, the obligation of the Issuer to make Hedge Payments to a Counterparty pursuant to a Qualified Hedge Agreement shall be on parity with the Bonds as to lien on and pledge of the Pledged Funds in accordance with the terms hereof (any other payments related to a Qualified Hedge Agreement, including fees, penalties and termination payments and the obligation of the Issuer to collateralize, shall be Subordinated Indebtedness of the Issuer).

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

SECTION 4.03. CONSTRUCTION FUND. The Issuer covenants and agrees to establish, a special fund in a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for municipal funds, to be known as the "Monroe County, Florida Key West Airport Construction Fund," which shall be used only for payment of the Cost of a Project. Moneys in the Construction

Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall establish within the Construction Fund a separate account for each Project, the Cost of which is to be paid in whole or in part out of the Construction Fund. The Issuer shall establish the "Series 2006[^] Account" within the Construction Fund for the 2006[^] Project[^]. Moneys in such Accounts shall be used to pay the Costs of the 2006[^] Project[^].

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

Any moneys received by the Issuer from the State or from the United States of America or any agencies thereof for the purpose of financing part of the Cost of a Project shall be deposited into the appropriate account of the Construction Fund and used in the same manner as other Bond proceeds are used therein; provided that separate accounts or subaccounts may be established in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by federal or State law; provided, further, any such moneys shall not be subject to the lien and charge in favor of the Holders of the Bonds

The Issuer covenants that the acquisition, construction and installation of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Clerk of certificates and/or documents signed by an Authorized Issuer Officer, stating with respect to each disbursement or payment to be made: (A) the item number of the payment, (B) the name and address of the Person to whom payment is due, (C) the amount to be paid, (D) the account of the Construction Fund from which payment is to be made, (E) the purpose, by general classification, for which payment is to be made, and (F) that (i) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (ii) each obligation, item of cost or expense

mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such certificates and/or documents of the Authorized Issuer Officers for such other period of time as required by applicable law. The Clerk shall make available the certificates and/or documents at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Construction Fund derived from proceeds of the Bonds may be applied to the payment of principal of and interest on Bonds when due.

The date of completion of the acquisition and construction of a Project shall be determined by an Authorized Issuer Officer which shall certify such fact in writing to the Governing Body. An Authorized Issuer Officer may perform such tests relating to a Project as he deems necessary in order to make such certification. Promptly after the date of the completion of a Project, and after paying or making provision for the payment of all unpaid items of the Cost of such Project, the Issuer shall transfer the balance of any money in the Construction Fund which shall deposit such moneys in the following order of priority in (A) another account of the Construction Fund for which an Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (B) the Reserve Account, to the extent of a deficiency therein, and (C) such other fund or account established hereunder as shall be determined by the Governing Body, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

SECTION 4.04. CREATION OF FUNDS AND ACCOUNTS. The Issuer covenants and agrees to establish with a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for its funds the following funds and accounts:

(A) The "Monroe County, Florida Key West Airport Revenue Fund." The Issuer shall maintain two separate accounts in the Revenue Fund: the "Revenue Account" and the "PFC Account."

(B) The "Monroe County, Florida Key West Airport Operation, Maintenance and Administration Fund."

(C) The "Monroe County, Florida Key West Airport Sinking Fund." The Issuer shall maintain four separate accounts in the Sinking Fund: the "Interest Account," the "Principal Account," the "Term Bonds Redemption Account" and the "Reserve Account."

(D) The "Monroe County, Florida Key West Airport Renewal and Replacement Fund."

(E) The "Monroe County, Florida Key West Airport Reserve Fund."

(F) The "Monroe County, Florida Key West Airport PFC Capital Improvement Fund."

(G) The "Monroe County, Florida Key West Airport Rebate Fund."

Moneys in the aforementioned funds and accounts (except for moneys in the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders in accordance with the terms hereof.

The Issuer may at any time and from time to time appoint one or more depositaries to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depositary or depositaries shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds or accounts as herein set forth, and all records of such depositary in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agents and employees. Any such depositary shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and be qualified under applicable State law.

SECTION 4.05. DISPOSITION OF GROSS REVENUES AND OTHER AVAILABLE MONEYS.

(A) Revenue Fund. Into the Revenue Account, the Issuer shall deposit promptly, as received, all Gross Revenues. Into the PFC Account, the Issuer shall deposit promptly, as received, all PFC Revenues.

(B) Operation, Maintenance and Administration Fund. Moneys in the Revenue Account shall first be used each month to deposit in the Operation, Maintenance and Administration Fund such sums as are necessary to pay Operating and Maintenance Costs for the ensuing month; provided the Issuer may transfer moneys from the Revenue Account to the Operation, Maintenance and Administration Fund at any time to pay Operating and Maintenance Costs to the extent there is a deficiency in the Operation, Maintenance and Administration Fund for such purpose. Amounts in the Operation,

Maintenance and Administration Fund shall be paid out from time to time by the Issuer for Operating and Maintenance Costs. [The Issuer shall establish and fund an operating reserve within the Operation, Maintenance and Administration Fund in an amount which shall be equal to the monthly average of Operating and Maintenance Costs for the preceding Fiscal Year. Moneys in the operating reserve shall be used to pay Operating and Maintenance Costs to the extent other moneys in the Operation, Maintenance and Administration Fund are not available for such purpose.]

(C) PFC Account. Moneys in the PFC Account shall be used on or before the 25th day of each month in the following order of priority:

(1) Sinking Fund. The Issuer shall deposit or credit to the Interest Account, the Principal Account and the Term Bonds Redemption Account such amounts as it shall determine pursuant to its Annual Budget and which are Eligible PFC Revenues.

(2) PFC Capital Improvement Fund. The remainder of moneys in the PFC Account shall be deposited into the PFC Capital Improvement Fund and shall be utilized in accordance with the terms of Section 4.06 hereof.

(D) Subsequent to the payment described in Section 4.05(B) hereof, all moneys at any time on deposit in the Revenue Account shall be disposed of by the Issuer on or before the 25th day of each month in the following order of priority:

(1) Interest Account. The Issuer shall deposit or credit to the Interest Account the sum which, together with the balance in said Account including any moneys transferred from the PFC Account to the Interest Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month. All Hedge Receipts shall be deposited directly to the Interest Account upon receipt. With respect to interest on Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of the Qualified Hedge Agreement shall be deemed to include the corresponding Hedge Payments. Moneys in the Interest Account shall be applied by the Issuer (a) for deposit with the Paying Agents to pay the interest on the Bonds on or prior to the date the same shall become due and (b) for Hedge Payments. The Issuer shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date. With respect to debt service on any Bonds which are subject to a

Qualified Hedge Agreement, any Hedge Payments due to the Qualified Hedge Agreement Counterparty relating to such Bonds shall be paid to the Qualified Hedge Agreement Counterparty on a parity basis with the aforesaid required payments into the Sinking Fund. In computing the interest on Variable Rate Bonds which shall accrue during a calendar month, the interest rate on such Variable Rate Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 12 months prior to the commencement of such calendar month, the highest interest rate borne by such Variable Rate Bonds during the preceding 12 month period, and (B) if such Variable Rate Bonds have not been Outstanding for at least 12 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the commencement of such calendar month.

(2) Principal Account. Commencing no later than the month which is one year prior to the first principal due date, the Issuer shall next deposit into the Principal Account the sum which, together with the balance in said Account including any moneys transferred from the PFC Account to the Principal Account, shall equal the principal amounts on all Bonds Outstanding due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Issuer for deposit with the Paying Agents to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable from the Principal Account in the years in which such Bonds mature and monthly payments into the Principal Account on account of such Bonds shall commence in the month of the respective Bond Years in which such Bonds mature. The Issuer shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Term Bonds Redemption Account. Commencing in the month which is one year prior to the first Sinking Fund Installment due date, there shall be deposited to the Term Bonds Redemption Account the sum which, together with the balance in such Account including any moneys transferred from the PFC Account to the Term Bonds Redemption Account, shall equal the Sinking Fund

Installments on all Bonds Outstanding due and unpaid and that portion of the Sinking Fund Installments of all Bonds Outstanding next due which would have accrued on such Bonds during the then current calendar month if such Sinking Fund Installments were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding Sinking Fund Installment due date, or, if there is no such preceding Sinking Fund Installment due date, from a date one year preceding the due date of such Sinking Fund Installment. Moneys in the Term Bonds Redemption Account shall be used to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. The Issuer shall adjust the amount of the deposit to the Term Bonds Redemption Account on the month immediately preceding any Sinking Fund Installment Date so as to provide sufficient moneys in the Term Bonds Redemption Account to pay the Sinking Fund Installments becoming due on such date. Payments to the Term Bonds Redemption Account shall be on parity with payments to the Principal Account.

Amounts accumulated in the Term Bonds Redemption Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Sinking Fund Installment was established) may be applied by the Issuer, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. Amounts in the Term Bonds Redemption Account which are used to redeem Term Bonds shall be credited against the next succeeding Amortization Installment which shall become due on such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Term Bonds Redemption Account until such Sinking Fund Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Term Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Issuer shall pay out of the Term Bonds Redemption Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then

maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Operation, Maintenance and Administration Fund.

(4) Reserve Account. There shall be deposited to the Reserve Account an amount which would enable the Issuer to restore the funds on deposit in the Reserve Account (including any subaccounts therein) to an amount equal to the Reserve Account Requirement applicable thereto. All deficiencies in the Reserve Account must be made up no later than 12 months from the date such deficiency first occurred, whether such shortfall was caused by decreased market value or withdrawal (whether from cash or a Reserve Account Insurance Policy or Reserve Account Letter of Credit). On or prior to each principal payment date and Interest Date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Term Bonds Redemption Account shall be insufficient for such purpose, but only to the extent the moneys transferred from the Airport Reserve Fund, the PFC Capital Improvement Fund, and the Renewal and Replacement Fund for such purposes pursuant to Sections 4.05(D)(7), 4.06 and 4.05(D)(5), respectively, hereof shall be inadequate to fully provide for such insufficiency. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit in the Reserve Account Letter of Credit or a Reserve Account Insurance Policy, such surplus moneys, to the extent practicable, shall be deposited by the Issuer into the Revenue Account of the Revenue Fund. The Issuer shall promptly inform each Insurer of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall fund the Reserve Account in an amount at least equal to the Reserve Account Requirement. Such required amount, if any, shall be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed 36 months. In the event moneys in the Reserve Account are accumulated as provided above, (a) the amount in said Reserve Account on the date of delivery of the Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on such date, and (b) the incremental difference between the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on the

date of delivery of the Additional Bonds and the Reserve Account Requirement on all such Bonds and the Additional Bonds shall be 50% funded upon delivery of the Additional Bonds.

Notwithstanding the foregoing provisions, in lieu of or in substitution of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Issuer may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of this Section 4.05(D)(4). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Date or redemption date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. The Issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, or the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by two of the Rating Agencies, or (b) a commercial bank, insurance company or other financial institution which has been assigned a rating by two of the Rating Agencies in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories). Any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall equally secure all Bonds except to the extent a Series of Bonds is secured by a subaccount in the Reserve Account which is pledged solely for the payment of such Series of Bonds as provided in the last paragraph of this Section 4.05(D)(4).

If two days prior to an interest or principal payment date, or such other period of time as shall be required by the terms of the Reserve Account Insurance Policy or Reserve Account Letter of Credit, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Issuer shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit and submit a demand for payment pursuant to the provisions of such Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, (b) the Paying Agent, and (c) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due.

In the event the Reserve Account contains both a Reserve Account Insurance Policy or Reserve Account Letter of Credit and cash and separate subaccounts have not been established in the Reserve Account, the cash shall be drawn down completely prior to any draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit. In the event more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is on deposit in the Reserve Account, amounts required to be drawn thereon shall be done on a pro-rata basis. The Issuer agrees to pay all amounts owing in regard to any Reserve Account Insurance Policy or Reserve Account Letter of Credit from the Pledged Funds. Pledged Funds shall be applied in accordance with this Section 4.05(D)(4), first, to reimburse the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and, third, to pay the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit interest on amounts advanced under such instruments. This Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account. The Issuer agrees not to optionally redeem Bonds unless all amounts owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account have been paid in full.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor; provided, however, any such note (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

Any consent or approval of any Insurer described in this Section 4.05(D)(4) shall be required only so long as there are Outstanding Bonds secured by a Bond Insurance Policy issued by such Insurer which is in full force and effect and the commitments of which have been honored by such Insurer. The term "Paying Agent" as used in this Section 4.05(D)(4) may include one or more Paying Agents for the Outstanding Bonds.

Whenever the amount of cash in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Sinking Fund for the payment of the Bonds.

The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the Issuer deems appropriate. Moneys shall be deposited in the separate subaccounts in the Reserve Account on a pro-rata basis. In the event the Issuer shall maintain a Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(5) Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund such sums as shall be sufficient to pay 1/12 of an amount equal to the Renewal and Replacement Fund Requirement until the amount accumulated in such Fund is equal to such Renewal and Replacement Fund Requirement; provided, however, that (a) such Renewal and Replacement Fund Requirement may be increased or decreased as the Airport Consultant shall certify to the Issuer is necessary for the purposes of the Renewal and Replacement Fund, and (b) in the event that the Airport Consultant shall certify that the Renewal and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund such excess amount as may be on deposit therein may be transferred by the Issuer from the Renewal and Replacement Fund for deposit into the Airport Reserve Fund. The moneys in the Renewal and Replacement Fund shall be applied by the Issuer for the purpose of paying the cost of extensions, improvements or additions to, or the replacement or renewal of capital assets of, the Airport, or extraordinary repairs of the Airport; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Renewal and Replacement Fund shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Airport Reserve Fund and the PFC Capital Improvement Fund for such purpose pursuant to Sections 4.05(D)(7) and 4.06 hereof, shall be adequate to fully provide for such insufficiency. [^]Moneys in the Renewal and Replacement Fund

may also be transferred to the Operation, Maintenance and Administration Fund to fund Operating and Maintenance Costs to the extent other moneys available therefor shall be insufficient for such purpose.[^]

(6) Subordinated Indebtedness. Gross Revenues shall next be deposited by the Issuer for the payment of any debt service and other required deposits on Subordinated Indebtedness incurred by the Issuer in connection with the Improvements to the Airport and in accordance with the proceedings authorizing such Subordinated Indebtedness.

(7) Airport Reserve Fund. The balance of any Gross Revenues remaining in the Revenue Account shall be deposited in the Airport Reserve Fund and applied for any lawful purpose relating to the Airport. Moneys in the Airport Reserve Fund shall be applied to the payment, on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and interest on the Bonds coming due. The Issuer may make transfers from the Airport Reserve Fund to the Revenue Account.

(E) Whenever moneys on deposit in the Sinking Fund are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no further deposits to the Sinking Fund need be made. If on any payment date the Gross Revenues and Eligible PFC Revenues are insufficient to deposit the required amount in any of the funds or accounts or for any of the purposes provided above, the deficiency shall be made up on the subsequent payment dates.

The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(F) In the event the Issuer shall issue a Series of Bonds secured by a Credit Facility, the Issuer may establish separate subaccounts in the Interest Account, the Principal Account and the Term Bonds Redemption Account to provide for payment of the principal of and interest on such Series; provided payment from the Pledged Funds of one Series of Bonds shall not have preference over payment of any other Series of Bonds. The Issuer may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in Section 4.05(D) as shall be necessary to pay the

principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds^[^] and the Credit Facility.

In the case of Bonds secured by a Credit Facility, amounts on deposit in the Sinking Fund may be applied as provided in the applicable Supplemental Resolution and the Credit Facility to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of, premium, if any, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the holders thereof for payment; provided such Credit Facility shall have no priority over Bondholders or an Insurer to amounts on deposit in the Sinking Fund. Other payments due to a Credit Bank in relation to obligations arising under its Credit Facility may be on parity with the Bonds as to source of and security for payment to the extent provided in the Supplemental Resolution relating thereto. [insert credit language]

SECTION 4.06. PFC CAPITAL IMPROVEMENT FUND. The Issuer shall apply moneys on deposit in the PFC Capital Improvement Fund, to the extent permitted by the PFC Act and PFC Approvals, to pay the principal of (whether at maturity or in satisfaction of the Sinking Fund Installments) and interest on the Bonds when due, whenever and to the extent that the money on deposit in the Interest Account, the Principal Account and the Term Bonds Redemption Account and moneys transferred from the Airport Reserve Fund to said Accounts pursuant to Section 4.05(D)(7) hereof are insufficient for such purposes.

The Issuer agrees that any moneys in the PFC Capital Improvement Fund which are legally available to pay debt service on the Series 2006 Bonds shall be used solely for such purpose. The payment of debt service shall include, but not be limited to, early redemption of the Series 2006 Bonds.

The Issuer, at its option, and with the written consent of the Bank, but only after determining that no amounts are required to be applied to pay the principal of and interest on the Bonds as described above, may apply any amounts remaining in the PFC Capital Improvement Fund for any one or more of the following purposes: (A) to pay the costs of PFC Improvements, (B) to pay debt service on any obligation incurred by the County to finance costs of PFC Improvements, (C) to purchase or redeem Bonds, if permitted by the PFC Act and PFC Regulations, or (D) to the extent permitted by the PFC Act and the PFC Regulations, for any other lawful Airport purpose^[^].

SECTION 4.07 REBATE FUND. Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Revenue Account) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. For any Series of Bonds for which the rebate requirements of Section 148(f) of the Code

are applicable, the Issuer agrees to undertake all actions required of it in its arbitrage certificate relating to such Series of Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.07 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder, Credit Bank or Insurer from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

SECTION 4.08 INVESTMENTS. Moneys on deposit in the Construction Fund, the Sinking Fund, the PFC Capital Improvement Fund, the Operation, Maintenance and Administration Fund, the Airport Reserve Fund, the Renewal and Replacement Fund and the Revenue Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the PFC Capital Improvement Fund, the Operation, Maintenance and Administration Fund, the Airport Reserve Fund, the Renewal and Replacement Fund, the Revenue Fund and the Sinking Fund (other than the Reserve Account) shall be invested and reinvested by the Issuer in Authorized Investments, maturing not later than the dates on which such moneys will be needed for the purposes of such Fund or Account. [Moneys on deposit in the Reserve Account may be invested or reinvested by the Issuer in Authorized Investments which shall have an average aggregate weighted term to maturity not greater than ten years.] Notwithstanding any other provision hereof, all amounts on deposit in the Construction Fund or Interest Account representing accrued interest and capitalized interest shall be held by the Issuer, shall be pledged solely to the payment of interest on the corresponding Series of Bonds and, unless otherwise provided by Supplemental Resolution, shall be invested only in Federal Securities maturing in such times and in such amounts as are necessary to pay the interest to which they are pledged; provided, however, amounts on deposit in the Interest Account representing accrued and capitalized interest shall be invested only in cash or

direct obligations of the United States of America or any combination thereof and shall be used only for the purpose of paying interest on the Bonds which funded such accrued and capitalized interest. All investments shall be valued at amortized cost; [provided, however, investments in the Reserve Account shall be valued at the market value thereof, exclusive of accrued interest. Investments in the Reserve Account shall be valued by the Issuer on an annual basis on March 1 of each year.]

Any and all income received from the investment of moneys in each separate account of the Construction Fund, the Interest Account, the Principal Account, the Term Bonds Redemption Account, the Airport Reserve Fund, the PFC Capital Improvement Fund, the PFC Account, the Revenue Account, the Reserve Account (to the extent such income and the other amounts in the Reserve Account do not exceed the Reserve Account Requirement) and the Renewal and Replacement Fund (to the extent such income and other amounts in the Renewal and Replacement Fund do not exceed the Renewal and Replacement Fund Requirement), shall be retained in such respective Fund or Account.

Any and all income received from the investment of moneys in the Reserve Account (only to the extent such income and the other amounts in the Reserve Account exceeds the Reserve Account Requirement) and of moneys in the Renewal and Replacement Fund (only to the extent such income and other amounts in the Renewal and Replacement Fund exceeds the Renewal and Replacement Fund Requirement), shall be deposited upon receipt thereof in the Revenue Account.

Nothing in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.09 SEPARATE ACCOUNTS. The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a single bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as herein provided.

The designation and establishment of the various funds, accounts and subaccounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

SECTION 4.10 GOVERNMENT GRANTS. All Government Grants shall be utilized in accordance with the terms of such Government Grant and applicable law. All proceeds of the 2006 Project Grants shall be held by the Issuer and used solely for the purpose of redeeming principal of Series 2006 Bonds prior to maturity and prior to any redemption otherwise required hereby or by any agreement with the Bank, as may be further addressed in the agreement between the Bank and the Issuer.

ARTICLE V COVENANTS

SECTION 5.01. GENERAL. The Issuer hereby makes the covenants provided in this Article V, in addition to all other covenants in this Resolution, with each and every successive Holder of any of the Bonds so long as any of said Bonds remain Outstanding.

SECTION 5.02. ANNUAL BUDGET. The Issuer shall prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. No expenditure for Operating and Maintenance Costs of the Airport shall be made in any Fiscal Year in excess of the aggregate amount provided for Operating and Maintenance Costs in the Annual Budget, (A) without a written finding and recommendation by an Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution. In each Fiscal Year, the Issuer shall designate as part of its Annual Budget the amount of Eligible PFC Revenues which shall be utilized to pay debt service on the Bonds.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such year or the Annual Budget for the preceding Fiscal Year shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

The Issuer shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for operation and maintenance to any Credit Bank or Insurer of Bonds who shall file its address with the Clerk and request in writing that copies of all such Annual Budgets and resolutions be furnished to it and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for operation and maintenance of the Airport at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders.

SECTION 5.03. RATES. For the Fiscal Year commencing [^]October 1, 2005[^] and for each Fiscal Year thereafter, the Issuer shall fix, establish, maintain and collect such rates, fees, rentals and charges for the services and facilities of the Airport, and revise the same from time to time, whenever necessary, so as always to provide in each Fiscal Year:

(A) Net Revenues, together with the Other Available Moneys, equal to at least [^]125%[^] of the Annual Debt Service becoming due in such Fiscal Year; provided

(B) the Net Revenues^[^], together with ^[^]Other Available Moneys, shall be adequate at all times to pay in such Fiscal Year at least 100% of (1) the Annual Debt Service becoming due in such Fiscal Year, (2) any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, (3) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund in such Fiscal Year, and (4) any Subordinated Indebtedness coming due in said Fiscal Year.

Such rates, fees, rentals and other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues and Other Available Moneys for the purposes provided therefor by this Resolution.

If, in any Fiscal Year, the Issuer shall fail to comply with the requirements contained in this Section 5.03, it shall cause the Airport Consultant to review its rates, fees, rentals, charges, income, Gross Revenues, Other Available Moneys, Operating and Maintenance Costs and methods of operation and to make written recommendations as to the methods by which the Issuer may promptly seek to comply with the requirements set forth in this Section 5.03. The Issuer shall forthwith commence to implement such recommendations to the extent required so as to cause it to thereafter comply with said requirements.

SECTION 5.04 BOOKS AND RECORDS. The Issuer shall keep books, records and accounts of the Gross Revenues, Other Available Moneys and operations of the Airport and the Holders of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

SECTION 5.05 ANNUAL AUDIT. The Issuer shall, after the close of each Fiscal Year, cause the books, records and accounts relating to the Airport to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law and generally accepted auditing standards. Such report shall address the basic financial statements of the Issuer, as defined by the Governmental Accounting Standards Board to include the minimum combination of (A) fund-based financial statements, (B) government-wide financial statements, and (C) accompanying note disclosures needed for fair presentation of the Issuer's finances in conformity with generally accepted accounting principles. The Annual Audit shall provide sufficient detail of the Pledged Funds so that compliance with the financial covenants provided herein may be ascertained. A copy of each Annual Audit shall regularly be furnished to any Credit Bank or Insurer who shall have furnished its address to the Clerk and requested in writing that the same be furnished to it.

SECTION 5.06 NO MORTGAGE OR SALE OF THE AIRPORT. The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the Airport as a whole or any substantial part thereof (except as provided below) until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with Section 9.01 hereof.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the Airport in the following manner, if any one of the following conditions exist: (A) such property is not necessary for the operation of the Airport, (B) such property is not useful in the operation of the Airport, (C) such property is not profitable in the operation of the Airport, or (D) in the case of a lease of such property, will be advantageous to the Airport and will not materially adversely affect the security for the Bondholders.

Prior to any such sale, lease or other disposition of said property: (1) if the amount to be received therefor is not in excess of [^]five percent of the book value of the Airport at original cost[^], an Authorized Issuer Officer shall make a finding in writing determining that one or more of the conditions for sale, lease or disposition of property provided for in the second paragraph of this Section 5.06 have been met; or (2) if the amount to be received from such sale, lease or other disposition of said property shall be in excess of [^]five percent of the book value of the Airport at original cost[^], (a) an Authorized Issuer Officer shall first make a finding in writing determining that one or more of the conditions for sale, lease or other disposition of property provided for in the second paragraph of this Section 5.06 have been met, (b) the Governing Body shall, by resolution, duly adopt, approve and concur in the finding of the Authorized Issuer Officer, and (c) the Issuer shall obtain an opinion of Bond Counsel to the effect that such sale, lease or other disposition is not in violation of the Act and will not adversely affect the federal tax exempt status of interest on the Bonds (other than Taxable Bonds).

The proceeds from any such sale or other disposition shall be deposited, first, into the Renewal and Replacement Fund to the extent necessary to make the amount therein equal to the Renewal and Replacement Fund Requirement, and second, into the Airport Reserve Fund. Proceeds from any such lease shall constitute Gross Revenues and shall be deposited in the Revenue Account.

The transfer of the Airport as a whole from the control of the Governing Body to some other board or authority which may hereafter be created for such purpose and which constitutes a governmental entity, interest on obligations issued by which are excluded from gross income for purposes of federal income taxation, shall not be deemed prohibited by this Section 5.06 and such successor board or authority shall fall within the definition of "Issuer" in Section 1.01 hereof.

Notwithstanding the foregoing provisions of this Section 5.06, the Issuer shall have the authority to sell for fair and reasonable consideration any land comprising a part of the Airport which is no longer necessary or useful in the operation of the Airport and the proceeds derived from the sale of such land shall be disposed of in accordance with the provisions of the fourth paragraph of this Section 5.06.

Notwithstanding provisions of this Section 5.06, the Issuer may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport if such contract, license, easement or right does not, in the opinion of the Airport Consultant, as evidenced by a certificate to that effect filed with the Issuer, impede or restrict the operation by the Issuer of the Airport, but any payments to the Issuer under or in connection with any such contract, license, easement or right in respect of the Airport or any part thereof shall constitute Gross Revenues and shall be deposited in the Revenue Account.

SECTION 5.07 INSURANCE. The Issuer will carry such insurance as is ordinarily carried by public entities owning and operating aviation facilities similar to the Airport with a reputable insurance carrier or carriers, in such amounts as the Issuer shall determine to be sufficient and such other insurance against loss or damage by fire, explosion, hurricane, tornado or other hazards and risks, and said property loss or damage insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the Airport, or such other amount or amounts as the Insurance Consultant shall approve as sufficient.

The Issuer may establish minimum levels of insurance for which the Issuer may self-insure. Such minimum levels of insurance shall be in amounts as recommended in writing by the Insurance Consultant.

The proceeds from property loss and casualty insurance shall be deposited in the Renewal and Replacement Fund and, together with other available funds of the Issuer, shall be used to repair or replace the damaged portion of the Airport; provided, however, if the Issuer makes a determination in accordance with Section 5.06 hereof that such damaged portion of the Airport is no longer necessary or useful in the operation of the Airport, such proceeds shall (1) if such proceeds equal or exceed [^][\$2,000,000,] (a) be applied to the redemption or purchase of Bonds, or (b) be deposited in irrevocable trust for the payment of Bonds in the manner set forth in Section 9.01, provided the Issuer has received an opinion of Bond Counsel to the effect that such deposit shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation, or (2) if such proceeds are less than [^][\$2,000,000,] be deposited in the Revenue Account.

SECTION 5.08 ENFORCEMENT OF COLLECTIONS. The Issuer will reasonably enforce and collect the rates, fees, rentals and other charges for the services and facilities of the Airport herein pledged; will take all reasonable steps, actions and proceedings for the enforcement and collection of such rates, charges, rentals and fees as shall become delinquent, to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges, rentals and revenues herein pledged shall, as collected, be held in trust to be applied as herein provided and not otherwise.

SECTION 5.09 NO COMPETING FACILITIES. To the full extent of the law [^]and other than Marathon Airport[^], the Issuer will not grant, or cause, consent to, or allow the granting of any franchise or permit to conduct aeronautical services, or provide access to the Airport to conduct aeronautical services to any Person, or undertake any aviation project not made a part of the Airport which will materially compete with the Airport, as determined by the Issuer.

SECTION 5.10 CONSULTANTS. The Issuer will, for the purpose of performing and carrying out the duties imposed on the Airport Consultant and Insurance Consultant by this Resolution, employ one or more Persons having a favorable reputation for skill and experience in such work. The cost of employing such Consultants as provided by this Resolution shall be treated as a part of the Operating and Maintenance Cost of the Airport or as a Project Cost as appropriate. The Issuer may appoint one or more Airport Consultants and Insurance Consultants to perform the responsibilities described herein for such Consultants.

SECTION 5.11 ANNUAL INSPECTION. The Issuer covenants that it will cause the Airport Consultant, among such other duties as may be imposed upon them by the Issuer or by this Resolution, to make or cause to be made an inspection at least once a year of the Airport and, on or before the [^]final adoption of the Issuer's Annual Budget in each year, to submit to the Issuer a report setting forth the following:

(A) recommendations as to the amount that should be deposited during the ensuing Fiscal Year to the credit of the Renewal and Replacement Fund; and

(B) findings whether the Airport has been maintained in good repair and sound operating condition, and estimates of the amount, if any, required to be expended to place the Airport in such condition and the details of such expenditures and the approximate time required therefor.

The Issuer covenants that if such report indicates that the Airport has not been maintained in good repair and sound operating condition, it will promptly restore, replace or renew such facilities so that the Airport shall be in good repair and sound operating

condition with all expedition practicable and will make adequate provision therefor in the Annual Budget for necessary Improvements required by State or federal law applicable to the Airport, in both cases from (and to the extent of) funds legally available therefor which are derived from the operation of the Airport. Nothing herein shall be construed to require the Issuer to expend any funds other than funds derived from the operation of the Airport.

SECTION 5.12 ISSUANCE OF OBLIGATIONS NOT SECURED HEREUNDER – SPECIAL PURPOSE FACILITIES BONDS. The Issuer shall be permitted to issue Special Purpose Facilities Bonds for the purpose of financing the cost of such Special Purpose Facilities as it shall deem necessary or desirable in the operation of the Airport. Special Purpose Facilities may consist of (A) Special Purpose Facilities that are owned and/or operated by private companies and the Special Purpose Facilities Bonds are payable from and secured exclusively by payments to be made by such private companies, and (B) Special Purpose Facilities that are owned by the Issuer and payable from any source other than the Pledged Funds. The Issuer shall determine the terms and conditions under which Special Purpose Facilities Bonds may be issued without regard to any test, financial or otherwise, contained in this Resolution.

The Issuer may cause any Special Purpose Facilities to become a part of the Airport by resolution of the Governing Body, if there shall be filed with the Clerk a report of the Airport Consultant substantially in the form provided in Section 6.02 hereof relating to the issuance of Additional Bonds.

SECTION 5.13. MAINTENANCE OF PFC REVENUES. The Issuer covenants to do all things necessary on its part to continue the levy of the Passenger Facility Charges in compliance with the PFC Act and any successor provision of law and to diligently enforce collection of the Passenger Facility Charges. The Issuer will at all times comply with all of the requirements and conditions of the PFC Act, the PFC Regulations and the PFC Authority, and take every necessary action to remain qualified to levy the Passenger Facility Charges and collect the PFC Revenues. The Issuer will not take any action which will jeopardize eligibility for receipt of such funds which may adversely affect the undertakings provided in this instrument. The Issuer will not take any action or enter into any agreement which will have the effect of reducing the level of Passenger Facility Charges received by the Issuer if such reduction shall materially adversely affect the Issuer's ability to pay the Bonds.

SECTION 5.14. COMPLIANCE WITH PFC ACT, PFC REGULATIONS AND PFC APPROVALS. The Issuer covenants that it will comply with all provisions of the PFC Act and the PFC Regulations applicable to the Issuer, and all provisions of the PFC Approvals, and that it will not take any action or omit to take any action with respect to the PFC Revenues, the Projects, the Airport or otherwise if such action or omission

would, pursuant to the PFC Act, the PFC Regulations or the PFC Approvals, cause the termination of the authority to impose Passenger Facility Charges or prevent the use of the Eligible PFC Revenues as contemplated by this Resolution and PFC Approvals. The Issuer covenants that all PFC Revenues will be used in compliance with all provisions of the PFC Act, the PFC Regulations and the PFC Approvals applicable to the Issuer, and all provisions thereof. Without limiting the generality of the foregoing, the Issuer covenants that to the extent necessary to comply with the foregoing covenant:

(A) it (i) will impose the Passenger Facility Charges to the full extent authorized by the PFC Approvals, (ii) will not unilaterally decrease the level of the Passenger Facility Charges to be collected from any passenger, (iii) will unilaterally increase the total approved Passenger Facility Charges pursuant to PFC Regulations § 158.37(a) to the extent necessary to pay the debt service of the Bonds, and (iv) will apply for an additional increase in total approved Passenger Facility Charges pursuant to PFC Regulations § 158.37(b) to the extent the Issuer projects such increase may be necessary to pay the debt service of the Bonds;

(B) it will not impose any noise or access restriction at the Airport not in compliance with the Airport Noise and Capacity Act of 1990, Pub. L 101-508, Title IX, Subtitle D;

(C) it will take all action reasonably necessary to cause all collecting air carriers to collect and promptly remit to the Issuer the Passenger Facility Charges at the Airport required by the PFC Act, the PFC Regulations and the PFC Approvals to be so collected and remitted; and

(D) it will contest any attempt by the FAA to terminate or suspend the authority to impose, receive or use the Passenger Facility Charges at the Airport prior to the charge expiration date as defined in the PFC Approvals or the date total approved Passenger Facility Charge revenue has been collected.

SECTION 5.15. MANAGEMENT OF AIRPORT. The Issuer shall not take any action which would cause the Administrator of the FAA, Department of Transportation, or any successor to the powers and authority of such Administrator, to suspend or revoke operating certificates issued for the Airport under the Federal Aviation Act of 1958, or any successor statute. The Issuer shall comply with all valid acts, including the acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airport, unless the same shall be contested in good faith.

SECTION 5.16. OPERATION OF THE AIRPORT. The Issuer covenants that it will at all times use reasonable efforts, subject to *force majeure*, to keep the Airport

open for landings and takeoffs of aircraft of any type using facilities similar to those at the Airport and to maintain the powers, duties and obligations now reposed in it pursuant to law, and will not at any time take or fail to take any action the effect of which could reasonably be expected to delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

SECTION 5.17. COVENANTS WITH CREDIT BANKS AND INSURERS. The Issuer may make such covenants as it may in its sole discretion determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution and may not diminish the security of any of the Bonds Outstanding.

SECTION 5.18. FEDERAL INCOME TAXATION COVENANTS; TAXABLE BONDS. The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become included in gross income for purposes of federal income taxation.

The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Issuer nor any other Person under its control shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and

provided that the issuance thereof will not cause interest on any other Bonds theretofore issued hereunder to be or become subject to federal income taxation. The covenants set forth in this Section 5.18 shall not apply to any Taxable Bonds.

SECTION 5.19. HEDGE AGREEMENTS. Each Counterparty to a Qualified Hedge Agreement shall meet the Initial Rating Requirement. For the period the Counterparty does not fall below "Baa2" by Moody's or "BBB" by Standard & Poor's (the "Minimum Rating Requirement"), interest on Bonds subject to a Qualified Hedge Agreement with such Counterparty shall be deemed to be the Hedge Payments for purposes of the definition of "Debt Service." For any period the Counterparty does not satisfy the Minimum Rating Requirement and is not replaced by a Counterparty that meets the Initial Rating Requirement, interest on Bonds subject to a Qualified Hedge Agreement with such Counterparty shall be the actual interest on such Bonds (not taking into account the Hedge Payments) for purposes of the definition of "Debt Service." The above-described requirements for a Counterparty to a Qualified Hedge Agreement and the inclusion or exclusion of Hedge Payments for purposes of the definition of "Debt Service" may be waived in writing by the Insurer(s) and Credit Bank(s) of the Bonds if such Bonds are all secured by Bond Insurance Policies and/or Credit Facilities. Other than the interest rate cap entered into with UBS AG as of the date of delivery of the Series 2006 Bonds, the Issuer shall not enter into any Hedge Agreement with respect to the Series 2006 Bonds without the written consent of the Bank.

ARTICLE VI
SUBORDINATED INDEBTEDNESS AND ADDITIONAL BONDS

SECTION 6.01. SUBORDINATED INDEBTEDNESS. The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of Net Revenues and which may be secured by a pledge of Net Revenues; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Net Revenues created by this Resolution and provided further that the issuance of such Subordinated Indebtedness shall be subject to any provisions contained in financing documents securing outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Subordinated Indebtedness. No Subordinated Indebtedness shall be subject to acceleration. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued under the provisions of Section 6.02 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

SECTION 6.02. ISSUANCE OF ADDITIONAL BONDS. No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: (i) financing the Cost of a Project, or the completion thereof, or (ii) refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except in the case of Additional Bonds issued for the purpose of refunding Outstanding Bonds, the Issuer shall certify that it is current in all deposits into the various funds, accounts and subaccounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution have been deposited or made and it has complied with the covenants and agreements of this Resolution.

(B) There shall have been filed with the Issuer a certificate of the Clerk setting forth for the last complete Fiscal Year or a period of 12 consecutive months of the 24

months most recently concluded prior to the issuance of the Additional Bonds (the "12-Month Period") (1) Gross Revenues received by the Issuer during the 12-Month Period; (2) the Operating and Maintenance Costs incurred during the 12-Month Period; (3) the Fund Balance; (4) the Eligible PFC Revenues received during the 12-Month Period; (5) the Maximum Annual Debt Service including the Additional Bonds then proposed to be issued; (6) that Net Revenues and Eligible PFC Revenues received by the Issuer during the 12-Month Period, together with the Fund Balance, were in an amount at least equal to 125% of the Maximum Annual Debt Service including the Additional Bonds then proposed to be issued; and (7) that Net Revenues and Eligible PFC Revenues received by the Issuer during the 12-Month Period were in an amount equal to at least 100% of (a) the Maximum Annual Debt Service including the Additional Bonds then proposed to be issued, (b) any amounts required by the terms hereof to be deposited in the Reserve Account or with the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy during the 12-Month Period, (c) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund during the 12-Month Period, and (d) any Subordinated Indebtedness coming due during the 12 months immediately succeeding the issuance of the proposed Additional Bonds.

(C) With respect to Additional Bonds that are issued to complete a Project, the Authorized Issuer Representative shall have filed with the Clerk a certificate demonstrating that the proceeds of such Additional Bonds to be issued (net of issuance costs and any discounts) will be not more than 10% of the original Cost of such Project for the completion of which such Additional Bonds are then being issued. If the Authorized Issuer Representative files such certificate with the Clerk, the conditions of Section 6.02(B) hereof shall not apply to the issuance of such Additional Bonds.

(D) For the purpose of determining the Debt Service under this Section 6.02, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(E) For the purpose of determining the Debt Service under this Section 6.02, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be (1) if such Variable Rate Bonds have been Outstanding for at least 12 months prior to the date of sale of such Additional Bonds, the highest interest rate borne by such Variable Rate Bonds during the preceding 12 month period, or (2) if such Variable Rate Bonds have not been Outstanding for at least 12 months prior to the date of sale of such Additional Bonds, the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(F) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other

(F) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. Except as provided in Sections 4.02 and 4.05 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other.

(G) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 6.02(B) hereof shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in Maximum Annual Debt Service. The conditions of Section 6.02(B) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(H) The Issuer shall not issue any Additional Bonds pursuant to Section 6.02 (C) hereof without the written consent of the Bank.

SECTION 6.03. BOND ANTICIPATION NOTES. The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by Supplemental Resolution of the Issuer. Such notes shall be Subordinated Indebtedness, unless the Issuer satisfies the conditions of Section 6.02 hereof relating to Additional Bonds.

ARTICLE VII DEFAULTS AND REMEDIES

SECTION 7.01. EVENTS OF DEFAULT. The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of, Sinking Fund Installment, redemption premium or interest on any Bond when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter adopted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of 90 days after written notice of such default shall have been received from an Insurer or the Holders of not less than 25% of the aggregate principal amount of Bonds Outstanding. Notwithstanding the foregoing, the Issuer shall not be deemed to be in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until default has been corrected; provided, however, no such curative action shall exceed 90 days without the prior written consent of the Insurer.

The Issuer shall provide immediate notice of any Event of Default described in Section 7.01(A) to all affected Bondholders. The Issuer shall provide notice of any other Event of Default to all affected Bondholders within 30 days of the Issuer's knowledge thereof.

SECTION 7.02. REMEDIES. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be

performed by the Issuer or by any officer thereof; provided, however, that no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than 25% of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 7.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS. The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder with respect to the Series of Bonds owned by such Holders or insured by such Insurer, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any direction of the Holders which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 7.04. REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 7.05. WAIVER OF DEFAULT. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 7.02 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 7.06. APPLICATION OF MONEYS AFTER DEFAULT. If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds (except as for amounts in the subaccounts of the Reserve Account which shall be applied to the payment of the Series of Bonds for which they were established) as follows and in the following order:

(A) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver and Registrar hereunder;

(B) To the payment of the amounts required for reasonable and necessary Operating and Maintenance Costs, and for the reasonable renewals, repairs and replacements of the Airport necessary to prevent loss of Net Revenues and Eligible PFC Revenues, as certified by the Airport Consultant;

(C) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 9.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(D) To the payment of all amounts owed to an Insurer or a Credit Bank not covered by A, B or C above.

SECTION 7.07. CONTROL BY CREDIT BANK. To the extent a Credit Bank is current in its obligations under its Credit Facility, such Credit Bank shall become subrogated to the rights of the Holders of Bonds secured by such Credit Facility in accordance with the terms of such Credit Facility. Upon the occurrence and continuance of an Event of Default, a Credit Bank for a Series of Bonds, if such Credit Bank shall not be in default under its Credit Facility, shall be deemed to be the sole owner of the Bonds secured by such Credit Facility for purposes of (a) directing and controlling the enforcement of all rights and remedies with respect to such Series of Bonds, including any waiver of an Event of Default and removal of any trustee, and (b) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of such Bonds are entitled to take pursuant to this Article VII hereof. No provision expressly recognizing or granting rights in or to a Credit Bank shall be modified without the consent of such Credit Bank. A Credit Bank's rights under this Section 7.07 shall be suspended during any period in which such Credit Bank is in default in its obligations under its Credit Facility (except to the extent of amounts previously paid by such Credit Bank and due and owing to such Credit Bank) and shall be of no force or effect if its Credit Facility is no longer in effect or if the Credit Bank asserts that its Credit Facility is not in effect or if the Credit Bank waives such rights in writing. The Issuer shall provide each Credit Bank immediate notice of any Event of Default described in Section 7.01(A) hereof and notice of any other Event of Default occurring hereunder within five days of the occurrence thereof.

ARTICLE VIII
SUPPLEMENTAL RESOLUTIONS

SECTION 8.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To authorize Additional Projects or to change or modify the description of any Project.

(G) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds or Capital Appreciation Bonds.

(H) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds.

(I) To revise the procedures provided in Section 4.05(D)(4) hereof pursuant to which moneys are drawn on a Reserve Account Insurance Policy or Reserve Account

Letter of Credit and moneys are reimbursed to the provider of such Policy or Letter of Credit.

(J) To make provision hereunder for the use of a Qualified Hedge Agreement.

(K) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds. In making such determination, the Issuer shall not take into consideration any Bond Insurance Policy or Credit Facility.

Prior to adoption of any Supplemental Resolution which amends or modifies provisions of this Resolution, the Issuer shall obtain an opinion of Bond Counsel to the effect that the amendments or modifications to this Resolution shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation.

SECTION 8.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT. Subject to the terms and provisions contained in this Section 8.02 and Section 8.01 and 8.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 8.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 8.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) a preference or priority of any Bond or Bonds over any other Bond or Bonds (except as to the establishment of separate subaccounts in the Reserve Account provided in Section 4.05(C)(4) hereof), or (D) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or the Insurer or Credit Bank of the adoption of any Supplemental Resolution as authorized in Section 8.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 8.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 8.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 8.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 8.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 8.03. AMENDMENT WITH CONSENT OF INSURER AND CREDIT BANK ONLY. For purposes of amending this Resolution pursuant to Section 8.02 hereof, an Insurer or Credit Bank for Bonds shall be considered the Holder of such Bonds which it has provided credit enhancement, provided such Bonds, at the time of the

adoption of the amendment, shall be rated by the Rating Agencies which shall have rated such Bonds at the time such Bonds were credit enhanced no lower than the ratings assigned thereto by such Rating Agencies on such date of being credit enhanced. The consent of the Holders of such Bonds shall not be required if the Insurer or Credit Bank for such Bonds shall consent to the amendment as provided by this Section 8.03. The foregoing right of amendment, however, does not apply to any amendment to Section 5.18 hereof with respect to the exclusion, if applicable, of interest on said Bonds from gross income for purposes of federal income taxation. At least 15 days prior to adoption of any amendment made pursuant to this Section 8.03, notice of such amendment shall be delivered to the Rating Agencies rating the Bonds. Upon filing with the Clerk of evidence of such consent the Insurer or Credit Bank as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notices of an amendment under Section 8.02 hereof.

ARTICLE IX MISCELLANEOUS

SECTION 9.01. DEFEASANCE. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution and if the Issuer shall pay all amounts owing to any provider of a Reserve Account Letter of Credit or Reserve Account Insurance Policy and all amounts owing to the Insurer, if any, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 9.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Refunding Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient (as verified by an independent certified public accountant), to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be,

by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section 9.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds is in order to satisfy this Section 9.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 9.01 are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds shall be paid by an Insurer or Insurers, such Bonds shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers shall be subrogated to the rights of such Bondholders.

SECTION 9.02. CAPITAL APPRECIATION BONDS. For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 9.03. SALE OF BONDS. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 9.04. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 9.05. VALIDATION AUTHORIZED. To the extent deemed necessary by Bond Counsel or desirable by Counsel for the Issuer, the Bond Counsel is authorized to institute appropriate proceedings for validation of a Series of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

SECTION 9.06. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 9.07. EFFECTIVE DATE. This Resolution shall take effect simultaneously with the issuance of the Series 2006 Bonds.

ADOPTED at a meeting of the Board of County Commissioners on the [^]21st of [^]June, 2006.

**BOARD OF COUNTY COMMISSIONERS
OF MONROE COUNTY, FLORIDA**

(SEAL)

By: _____
Mayor/Chairperson

ATTEST:

Deputy Clerk

EXHIBIT A
DESCRIPTION OF 2006[^] PROJECT[^]

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The 2006 Project generally consists of (a) the design and construction of a renovation and expansion of the Key West International Airport passenger terminal building; (b) the design and construction of certain vehicular parking improvements at the Key West International Airport; and (c) the design and construction of a new terminal roadway and ramp system at the Key West International Airport, all as more particularly described in the plans and specifications on file with the Issuer.